DOCUMENT RESUME

ED 252 786 CG 017 955

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TITLE Recruiting Source Effects: A Test of Two Alternative Explanations.
PUB DATE Aug 84
NOTE 17p.; Paper presented at the Annual Convention of the American Psychological Association (92nd, Toronto, Ontario, Canada, August 24-28, 1984).
PUB TYPE Reports - Research/Technical (143) -- Speeches/Conference Papers (150)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS *Expectation; *Individual Differences; Job Performance; Labor Turnover; Newspapers; Personnel; *Recruitment; Referral; Social Services

ABSTRACT

The source of employee recruitment has been related to numerous important work outcomes (e.g., turnover, performance), but reasons for this relationship are not known. To test the viability of two possible explanations for recruiting source effects, i.e., employee level of realistic expectation, or individual differences, information was gathered directly from 98 social service workers and from their personnel records. The source by which the employees were recruited, information on their realistic job expectations, and several individual difference variables (demographics, perceived ease of movement in the job market) were determined. Information on employees' ability was provided by a personnel specialist, and data relevant to their performance and retention were also gathered. The employees were divided into the three most common recruitment sources: newspaper advertisements (N=33), employee referrals (N=42), and walk-ins (N=23). Results showed that employee referrals reported having more realistic expectations of the job than did newspaper recruits or walk-ins. Those recruited through newspaper advertisements were more likely to be male and older than those recruited from other sources. No recruiting source differences were found for either the perceived ease of movement or ability. Individuals who directly applied to the organization received higher performance ratings and were less likely to be terminated than those recruited from other sources. It appears that the relative ineffectiveness of newspaper advertisements may be due to less accurate job information than more formal recruiting sources; however, it is possible that other underlying causes (e.g., motivational differences) may account for recruitment source effects. (LLL)

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Recruiting Source Effects:

A Test of Two Alternative Explanations[1]

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Abstract

This field study examined two alternative explanations for recruitment source effects which have been consistently reported in previous studies. For this sample of 98 social service workers, the "realism" explanation for source differences received more empirical support than the "individual difference" explanation. Employee referrals were found to have more realistic expectations than individuals who responded to newspaper ads or directly applied to the organization. In addition, recruitment source was found to be related to employee performance and involuntary turnover. The authors suggest an, as yet, unexamined individual difference variable (motivation) as a possible explanation for the unexpected performance findings.

Recruitment Source Effects: A Test of Two Alternative Explanations

Increasingly, employee recruitment programs are being recognized as an important component of an organization's staffing process (Rynes, Heneman, & Schwab, 1980). One aspect of recruitment believed to be particularly significant is the source (e.g., newspaper advertisement, employee referral) used to attract new employees (Taylor & Schmidt, 1983). In a recent review of the "source of recruitment" literature, Schwab (1982) reported fairly consistent evidence of employee referrals being the most effective (e.g., less turnover) recruiting source with newspaper ads being among the worst sources. However, in his review Schwab (1982) raises a fundamental question: "Why do systematic recruitment source differences occur?" To date, although two different explanations (realism, individual differences) for recruiting source effects have been offered, little empirical evidence relevant to either explanation has been presented. This study directly addresses the viability of each explanation.

The so-called "realism" hypothesis (Taylor & Schmidt, 1983) is based on the premise that individuals recruited via certain sources (e.g., newspapers, employment agencies) may have unrealistically high expectations of what the job entails. In contrast, individuals referred by employees of the organization are hypothesized (Decker & Cornelius, 1979) to have a more accurate view of what a prospective job is like. Thus, based upon the realistic job preview literature (see Wanous, 1980), the realism hypothesis suggests individuals recruited via sources which provide more accurate information will be able to self-select out of jobs which do not meet their needs. Therefore, subsequent turnover will be less for employees recruited by means of more informative sources. In considering this "realism" hypothesis, it should be noted that realism should only lessen turnover for jobs which are likely to be viewed as

long term and relatively stable (Caldwell & Spivey, 1983). However, as noted by Caldwell and Spivey (1983), with the exception of their study, most studies which have examined recruiting sources (including the one presented in this paper) focused on long term, relatively stable jobs.

An alternative explanation for recruiting source effects, the "individual difference" hypothesis, has been put forth by Schwab (1982). He proposes that recruiting sources vary in their effects because they reach applicants from different populations. For example, younger employees may be more likely to find out about jobs from newspaper ads and, in addition, be more liable to higher turnover. According to the individual difference hypothesis, applicants recruited from different sources presumably vary in abilities affecting job performance as well as in values affecting job satisfaction and turnover (Taylor & Schmidt, 1983).

At present, there is little empirical data to draw upon in attempting to evaluate the "realism" and the "individual difference" explanations for recruiting source effects. Only one study (Quaglieri, 1982) has investigated if sources differ in the accuracy of the job information they provide. Quaglieri (1982) found that formal sources (e.g., newspaper ads, employment agencies) provided less accurate information than informal sources (e.g., friends who worked for the company). However, as noted by Taylor and Schmidt (1983), Quaglieri's study has a number of deficiencies (e.g., a small sample, the accuracy index consisted of only one item and it was ambiguously worded) and therefore his findings must be viewed as tentative until they are replicated.

The "individual difference" explanation for source differences has only been addressed in two empirical studies. Breaugh (1981) reported no significant source differences for employee sex, age, or level of education. In contrast, Taylor and Schmidt (1983) did find source differences for age, sex,

shift preference, height, and previous pay. However, it should be noted that there were not significant differences on these variables for those recruited via: television, radio, newspaper, employee referral, direct applications, and public employment agency. Rather the preceding six sources all differed from "rehires". (Most researchers as well as the Bureau of National Affairs do not consider "rehires" as a recruiting source).

Both of these studies (Breaugh, 1981; Taylor & Schmidt, 1983) can be criticized for being too narrow in scope. For example, although Schwab (1982) proposed applicants recruited from different sources might differ in their ability (e.g., the quality of a person's training, education, or previous work experience), neither study investigated ability differences. Furthermore, it has been suggested that individuals may differ across recruiting sources in their "ease of movement" (Decker & Cornelius, 1979). Yet, no study has directly studied whether there are recruiting source differences in individual perceptions of ease of movement to a new job.

In sum, although we know that recruitment sources are related to numerous important work outcomes (e.g., turnover, performance), we do not know why. This study is designed to test the viability of two possible explanations (realism, individual differences) for recruiting source effects. Given the lack of empirical data relevant to these two explanations for source differences, any hypothesis must be stated with caution. Nevertheless, based upon the study by Quaglieri (1982) and tangentially related research on realistic job previews, it is anticipated that individuals recruited by means of employee referrals will report having more realistic job expectations than those recruited via newspaper ads.

Method

The sample for this study consisted of 98 social service workers (65

females, 33 males; 18 minorities, and 80 non-minorities). Information was gathered both directly from these employees and from their personnel records.

The source by which an employee was recruited was determined from a research questionnaire. (The original sample to be used consisted of 110 individuals. However, 12 employees were eliminated because the sources they listed had so few individuals in them that statistical analyses could not be carried out.) The remaining 98 individuals were distributed among three of the most commonly used recruitment sources (Bureau of National Affairs, 1979) as follows: newspaper advertisements (n = 33), employee referrals (n = 42), and direct applicants/walk-ins (n = 23).

Information on realistic job expectations and several "individual difference" variables (demographics, perceived ease of movement) was also gathered by means of the questionnaire. Participants responded to five "realism" questions (see Table 1). The five realism items were also formed into a composite scale. Demographic information gathered included: sex, race, age, and education level. Three questions relating to employee "ease of movement" (see Table 2) were also included in the questionnaire.

Employee ability (quality) information was provided by a personnel specialist in the social service department. This individual does preliminary screening interviews and is very familiar with the jobs examined in this study. The personnel specialist rated each employee in terms of the quality of their education/training and prior work experience at the time the person was hired.

Although not a major focus of this study, for completeness data relevant to employee performance and retention were also gathered. The performance rating was made by each employee's immediate supervisor (1 = poor performance ... 7 = excellent performance). The retention data reflect the percentage of employees remaining with the organization one year after questionnaire

administration.

Results

It was predicted that employee referrals would report having had a more realistic view of the job at the time they were hired than would individuals recruited via newspaper ads. For four of the realism items and the realism index, this was found to be the case (see Table 1). In addition, employee referrals reported having had more realistic expectations than individuals who directly applied to the organization.

Concerning the "individual difference" explanation for recruiting source effects, no formal hypothesis was made. In this study, three different types of "individual difference" variables (demographic, ease of movement, quality) were examined. Two source differences were found for the demographic variables. For this sample, those recruited via newspaper ads were more likely to be male and older than those recruited from other sources (see Table 2). Table 2 also presents the effects of recruiting sources on perceived ease of movement and employee ability. No recruiting source differences were found for either the ease of movement or the ability items.

Although the primary focus of this study concerned testing two different explanations (realism, individual differences) for recruiting source effects, two ancillary statistical analyses were also carried out on performance rating and retention rate (see Table 3). For this sample, those individuals who directly applied to the organization received higher performance ratings than those recruited from the other sources. Concerning retention rate, although the pattern of our results somewhat parallels previous studies (see Table 4), the differences reported in this study did not reach a conventional level of statistical significance. However, when one focuses only upon employee terminations (when one focuses upon retention rate, voluntary and involuntary

turnover are not differentiated), an interesting recruiting source difference is found. Those recruited by means of employee referrals were significantly less likely to be terminated ($p < .05$) than those recruited from newspaper ads. The termination rate for those who applied directly did not differ from the other two sources.

One can also "pool over" the results presented in Table 4 to draw some conclusions concerning the effects of recruiting source on employee retention (turnover). In all eight samples, employee referrals had higher retention rates than those recruited from newspaper ads ($\chi^2 = 8.00$; $p < .01$). Only six of the samples had information on all three sources examined in this study. However, again a somewhat consistent pattern exists. For five of the six samples, employee referrals had a higher retention rate than direct applications ($\chi^2 = 4.00$; $p < .05$) and for five of the six samples direct applications had a higher retention rate than those who answered newspaper ads $\chi^2 = 4.00$; $p < .05$).

Discussion

This study examined two potential explanations for the recruitment source effects which have been consistently reported (Table 4). From the results reported in Tables 1 and 2, it appears that for this sample the realism hypothesis received more support than did the individual difference hypothesis. Specifically, it was found that employee referrals reported having more realistic expectations than did the other sources. However, the results in Table 3 are somewhat surprising given these realism findings. For example, one would not expect direct applications to have received the highest performance ratings. Although one could argue this performance difference is a chance finding, such an argument is not persuasive given that Breaugh (1981) also found direct applications received higher performance ratings. A possi-

ble explanation for the superior performance ratings of direct applications reported in this study and Breaugh (1981) may lie in an "individual difference" variable which has not yet been examined. Conceivably, those who initiated the employment process (direct applications) are more highly motivated than those who more passively react (e.g., those who answer newspaper ads) to organization-initiated recruitment efforts. Obviously, this "motivation" hypothesis is supposition until empirically verified.

To summarize, several source of recruitment studies have clearly documented the consequences of using different recruiting sources. For example, newspaper advertisements have consistently been shown (see Table 4) to be a relatively ineffective source for recruiting employees. However, such studies have only begun to address the underlying causes for such recruiting source effects. Based upon the results of Quaglieri (1982) and this study, it appears that the relative ineffectiveness of newspaper ads may result partly because newspaper ads provide less accurate job information than more informal recruiting source (e.g., employee referrals). However, it is quite possible that other underlying causes (e.g., motivational differences) for recruitment source effects may also exist. At present, one is unable to state with certainty why recruiting sources have the effects which have been reported. Clearly, future research is needed.

In closing, we would like to qualify our results and also suggest a particular type of future research. As with the results of any study based on one sample, caution should be exercised in generalizing the results of this study. For example, it is possible that the quality of employees did differ across recruitment sources but our quality measures were not sensitive to such differences. Because of the way quality was rated in this study (i.e., a single judge), we were unable to assess the reliability of our employee quali-

ty index. Concerning future research, it is important that investigators not rely exclusively on archival data as most previous studies have. Although it is obviously more difficult to gather self-report data, to advance our understanding of why sources have the systematic effects they do, it is critical that perceptions of recruits be examined. Of particular value, would be studies which examine changes and differences in individuals' perceptions as they move from being applicants to being employees. Ideally, such studies would encompass a large number of participants so that a causal modelling procedure (e.g., path analysis) could appropriately be utilized.

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Table 1

Source of Recruitment Differences in Perceived Realism of Job Expectations: Group Means and Summary of the Analysis of Variance[1]

Questionnaire Item[2]	Newspaper	Employee Referral	Direct Application	F
1. I knew what the good points and bad points of this job were when I was hired.	3.00_a	4.17_b	2.87_a	8.76^{**}
2. I had a clear understanding of what this job entailed before I accepted it.	3.68_a	4.63_b	3.95_a	4.09^{*}
3. The information concerning the content (i.e., duties & responsibilities) of my job was accurate and complete.	4.39	4.76	4.17	1.32
4. The information concerning the working conditions of my job was accurate and complete.	4.16_a	5.18_b	4.13_a	5.07^{**}
5. The information concerning the qualifications needed (i.e., skills, knowledge, experience) for my job was accurate and complete.	4.94_a	5.63_b	4.83_a	3.11^{*}
6. Realism Composite Index (alpha = .78)	4.03_a	4.90_b	4.00_a	9.60^{**}

Note 1. Means that do not share the same subscript are significantly different at the .05 level by the Duncan Multiple Range Test. All items were responded to on a 7-point scale (1=Disagree Strongly...7= Agree Strongly).

Note 2. In responding to items 3-5, an individual was specifically instructed to consider the accuracy and completeness of the job information received from the recruitment source he had previously identified.

* $p < .05$, ** $p < .01$.

Table 2
Source of Recruitment "Individual Differences":
Group Means and Summary of the Analysis of Variance[1]

Variable	Newspaper	Employee Referral	Direct Application	F
1) Sex (1=female, 2=male)	1.52_a	1.31_b	1.14_b	4.46*
2) Race (1=minority, 2-non-minority)	1.79	1.90	1.77	.88
3) Education level[2]	3.79	3.55	3.13	.74
4) Age	39.6_a	33.2_b	31.4_b	4.58**
The following three questions were intended to assess variables which should be related to applicant ease of movement.				
5) Were you employed elsewhere when you accepted employment with this department (1=Yes, 2=No)	1.43	1.42	1.41	.05
6) How many other "Firm" job offers did you have at the time you accepted employment with this department?	1.69	1.44	1.59	.99
7) When you first came to work here, how easy would it have been for you to find a job as good as the one you took here? (1=very hard, 7=very easy).	4.17	3.88	4.05	.42
The following questions were designed to measure applicant ability.				
8) Quality of Recruit's Education/training as rated by personnel specialist (1= underqualified, 2=qualified, 3=overqualified).	2.13	2.10	2.23	.20
9) Quality of Recruit's prior work experience as rated by personnel specialist (1=underqualified, 2=qualified, 3=overqualified).	2.54	2.26	2.23	2.14

Note 1. Means that do not share the same subscript are significantly different at the .05 level by the Duncan Multiple Range Test.

Note 2. Education level was coded: 1=Grade School, 2=Some High School, 3=High School Degree, 4=Some Business or Technical School, 5=Some College, 6=Business or Technical School Degree, 7=College Degree, 8=Some Graduate Work, 9=Graduate Degree.

* $p < .05$, ** $p < .01$.

Table 3

Source of Recruitment Differences for Performance Rating, Retention Rate, and Employee Terminations

Variable	Newspaper	Employee Referral	Direct Application
Performance Rating	4.86_a	5.16_a	6.29_b
Retention Rate	76%	83%	87%
Terminations	$18\%_b$	$2\%_a$	$9\%_{ab}$

Note. Means that do not share the same subscript are significantly different at the .05 level.

Table 4

Retention Rates as a Function of Recruiting Source

Source	Source: Employee Referrals	Source: Direct Applications	Source: Newspaper Ads
Decker & Cornelius (1979)			
- Bank Employees	69%	57%	67%
- Insurance Agents	70%	64%	57%
- Abstract Service	96%	90%	79%
Gannon (1971)			
- Bank Employees	74%	71%	61%
Reid (1972)			
- Engineering & metal trades	39%	25%	16%
Ullman (1966)			
- Clerical, Company 1	25%	—	12%
- Clerical, Company 2	72%	—	26%
This study	83%	87%	76%

Note. Some studies reported results for additional recruiting sources not included here. Much of the information presented in this table is taken from Schwab (1982).